



City of Miami Beach

**City Retirement Systems and FRS
Analysis**

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GRS

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FRS Contribution Rates

➤ Pensionable Compensation

- Under FRS, virtually all compensation is pensionable
 - (base pay, incentive pay, longevity pay, overtime pay, annual sick and vacation buy-backs, lump sum payment of unused vacation pay upon termination of employment, and lump sum payment of unused sick pay (limited to 500 hours) upon termination of employment)
- This broad definition of pay means that more compensation will be subject to FRS rates than is subject to the rates of the City's two Retirement Systems



FRS Contribution Rates

➤ **Current FRS Rates (7/1/08 – 6/30/09)**

	<u>FRS</u>	<u>Social Security</u>	<u>Total</u>
• General Employees	9.85%	6.20%	16.05%
• Police officers and firefighters	20.92	6.20	27.12
• Special risk administrative support	12.55	6.20	18.75
• Senior Management	13.12	6.20	19.32
• DROP Participants	10.91	6.20	17.11

➤ **Rates for 7/1/09 – 6/30/10 will likely change very little from figures above (to be determined during 2009 session of the Legislature)**



FRS Contribution Rates

- **After 6/30/10**
 - Probable increase of 4% to 6% of payroll starting 7/1/10
 - Further more moderate increases for the following four years



Funded Ratios (\$ in millions)

	ERS	P&F	FRS
	<u>10/1/08</u>	<u>10/1/07</u>	<u>7/1/08</u>
Actuarial Accrued Liability	\$ 526	\$ 633	\$ 122,532
Actuarial Value (AV) of Assets	426	496	130,721
Market Value (MV) of Assets	364	571	126,918
% based on AV	81.0%	78.4%	106.7%
% based on MV	69.2%	90.2%	103.6%

City of Miami Beach

Comparison of Costs MBERP Plan

October 1, 2008 Preliminary Valuation

	CITY PLAN	FRS (1) (2)	DEFINED CONTRI- BUTION
Employee Contribution	8.27%	6.20% (Social Security)	10.00%
Employer Normal Cost	13.74%	15.83% (9.63 + 6.20)	10.00%
Unfunded Accrued Liability Payment (3)	11.46%	0.22%	0.00%
Total	33.47%	22.25%	20.00%

(1) FRS Rates only shown for "Regular" class, not including special risk administrative support, senior management, etc.

(2) City fiscal year and FRS contribution year differ

(3) Current City unfunded liability would continue to incur cost to the City – methodology to be determined

City of Miami Beach

Comparison of Costs F&P Plan

October 1, 2008 Preliminary Valuation

	CITY PLAN	FRS (1) (2)	DEFINED CONTRI- BUTION
Employee Contribution	10.00%	6.20% (Social Security)	10.00%
Employer Normal Cost	26.52%*	28.31% (22.11 + 6.20)	10.00%
Unfunded Accrued Liability Payment (3)	28.46%*	(1.19%)	0.00%
Total	64.98%	33.32%	20.00%

* Estimated

(1) FRS Rates shown for "Special Risk" class

(2) City fiscal year and FRS contribution year differ

(3) Current City unfunded liability would continue to incur cost to the City – methodology to be determined



City of Miami Beach Historical Costs MBERP Plan

	10/1/06	10/1/07	10/1/08
Employee Contribution	8.54%	8.36%	8.27%
Employer Normal Cost	12.07%	12.81%	13.74%
Unfunded Accrued Liability Payment (3)	12.17%	8.76%*	11.46%
Total	32.78%	29.93%	33.47%

* Includes impact of “fresh start” | 10/1/07 Valuation



City of Miami Beach Historical Costs F&P Plan

	10/1/06	10/1/07	10/1/08
Employee Contribution	10.00%	10.00%	10.00%
Employer Normal Cost	27.12%	26.52%	26.52%*
Unfunded Accrued Liability Payment (3)	21.03%	23.80%	28.46%*
Total	58.15%	60.32%	64.98%

* Estimated